MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016/2017

PMA0064– ESSENTIALS OF MANAGEMENT ACCOUNTING

(Foundation in Management)

26 MAY 2017
9.00 a.m -11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with 4 questions only.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet.

Question 1

HarYo Berhad manufactures plastic containers for general usage. The company uses activity-based costing(ABC) as cost allocation tool. The following information is provided:

Activity cost pool	**Estimated manufacturing overhead**	**Expected use of cost driver per activity**
Ordering	RM160,000	40,000 orders
Molding	RM180,000	80,000 machine hours
Inspecting	RM840,000	80,000 labour hours
Packing	RM620,000	50,000 boxes
Quality control	RM450,000	25,000 number of inspections

Actual information are as follows:

Activity cost pool	Cost driver usage
Ordering	45,000 orders
Molding	80,000 machine hours
Inspecting	100,000 labour hours
Packing	62,000 boxes
Quality control	40,000 inspections

Required

a) Compute the activity-based overhead rates for HarYo Berhad. (10 marks)

b) Compute the overhead cost assigned to each activity. (10 marks)

c) List the **STEPS** in designing ABC system and provide **ONE** benefit of using ABC system. (5 marks)

(Total 25 marks)

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Question 2

Harshazia Corporation is internationally recognized for its quality crystal rings. The following information is available for the financial year ended 31st May 2016:

Normal output units	4,000
Actual output units	4,200
Sales units	2,200
Selling price per unit	RM120
Direct raw material costs per unit	RM20
Direct labour costs per unit	RM40
Variable indirect manufacturing costs per unit	RM20
Variable non-manufacturing costs per unit	RM10
Fixed indirect manufacturing costs	RM40,000
Fixed non-manufacturing costs	RM20,000

Required

a) Compute the product costs per unit by using variable and absorption costing methods. (5 marks)

b) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st May 2016 using variable costing method. (9 marks)

c) Prepare Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st May 2016 using absorption costing method. (11 marks)

(Total 25 marks)

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Question 3

Part A

Teena Manufacturing Berhad manufactured 6,000 units of a component part that is used in its product and incurred the following costs:

Direct materials	RM70,000
Direct labour	30,000
Variable manufacturing overhead	20,000
Fixed manufacturing overhead	40,000
	RM160,000

Another company has offered to sell the same component part to the company for RM24 per unit. The fixed manufacturing overhead consists mainly of depreciation cost and would not be reduced if the component part was purchased from the outside supplier. If the component part is purchased from the outside supplier, Teena Manufacturing Berhad has the opportunity to use the factory equipment to produce another product which is estimated to have a contribution margin of RM30,000.

Required

Prepare an incremental analysis to decide whether to make or buy the component part. (10 marks)

Part B

Alley Company makes non-woven bags that has a selling price of RM20 each. For the coming year, management expects fixed costs to be RM240,000. Variable costs are RM15 per unit.

Required

i. Compute break-even point in sales value using the mathematical approach. (3 marks)

ii. Compute break-even point in sales value using the contribution approach. (5 marks)

iii. Compute margin of safety ratio assuming expected sales are RM1,200,000. (4 marks)

iv. Compute the sales required to earn net income of RM120,000, using the mathematical approach. (3 marks)

(Total 25 marks)

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Question 4

Part A

Hease Company is preparing its master budget for 2018. Relevant data pertaining to its sales budget are as follows:

Total sales for the year are expected to be 6,000,000 units. Quarterly sales are 25%, 30%, 15%, and 30% from yearly sales respectively. The sales price is expected to be RM2.00 per unit for the first quarter and then be increased to RM2.30 per unit in the second quarter.

Required

Prepare a sales budget for 2018. (6 marks)

Part B

Cerner Company has budgeted the following unit sales:

2018	
Quarter	Units
1	70,000
2	40,000
3	50,000
4	80,000

2019	
Quarter	Units
1	60,000

The finished goods inventory on hand on 31 December 2017 was 14,000 units. It is the company's policy to maintain a finished goods inventory at the end of each quarter equal to 20% of the next quarter's anticipated sales.

Required

Prepare a production budget for 2018. (19 marks)

(Total 25 marks)

End of Paper